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DRAFT REPORT OF THE COMMISSION ON ENTERPRISE, BUSINESS FACILITATION AND DEVELOPMENT ON ITS FIRST SESSION (20-24 January 1997)

Rapporteur : Ms. H. Booth di Giovanni (United Kingdom of Great Britain and Northern Ireland)

AGENDA ITEM 4

Speakers :

Chairman	Senegal
Officer-in-Charge, SIDTE	China
Islamic Republic of Iran	Nepal
Mexico	FIATA

Note for Delegations

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments to statements of individual delegations - to be submitted in English or French - should be communicated by **Friday, 31 January 1997 at the latest** to:

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Chapter II

SERVICES INFRASTRUCTURE FOR DEVELOPMENT AND TRADE EFFICIENCY ASSESSMENT

(Agenda item 4)

1. For its consideration of this item, the Commission had before it the following documentation:

> "Services infrastructure for development and trade efficiency assessment: report by the UNCTAD secretariat" (TD/B/COM.3/3).

2. The **Chairman** announced that messages related to agenda item 4 had been received from the Executive Secretary of ECE, the Executive Director of ITC and the Secretary-General of ITU. (For the text of the messages, see annex ...).

3. The **Officer-in-Charge for the Division of Services Infrastructure for Development and Trade Efficiency** said that one-fifth of developing countries had in recent years experienced economic growth at a faster rate than expected. This trend was expected to continue, and developing countries were expected to become the engine of world economic growth. The observed fast growth was attributable to such factors as political stability, control over inflation, domestic savings, etc. At the same time, however, efficiency of trade-supporting services and investment in information technologies had also been critical catalysts for growth. In this regard, UNCTAD could play a key role in making developing countries and SMEs more competitive.

4. The mandate given at UNCTAD IX was a follow-up to the United Nations International Symposium on Trade Efficiency (UNISTE), held in Columbus, Ohio, in 1994. In this connection, the Columbus Symposium had made a large number of recommendations, and it had therefore been essential to make a choice among them, largely on the basis of feedback from member States. There would be continued coordination of activities with work carried out by the UN/ECE, ITC and WCO. The number of programmes currently being implemented was quite large, but decisions would need to be made regarding which activities could be continued. The criterion for selecting activities to be continued and those to be dropped would be the impact of the programmes concerned. Where the impact was small, the programmes would be discontinued. The same criterion would be applied to new areas which were being embarked

upon, for example banking. He noted that the programme on micro-enterprises was not to be discussed at the present session but would be recommended for inclusion on the agenda for the Commission's next session.

5. The representative of the **Islamic Republic of Iran** said that the topic under consideration was of great importance to developing countries, since many of them lacked adequate services infrastructure that met the requirements of today's competitiveness. In that connection, his country had started implementing the ASYCUDA project and hoped to make it operational soon.

6. With regard to Trade Points, there was need for a clear and in-depth assessment of their possible contribution to the needs of developing countries in terms of gaining access to international markets. Trade Points and trade facilitation mechanisms had long been available in the services infrastructure of developed countries, and it was developing countries who should be the main beneficiaries of new Trade Point programmes. There was a need for greater interaction between developed and developing countries in the development of a global Trade Point network.

7. Concerning transit transport facilitation, his country was situated at a geographical crossroad, and at least nine land-locked developing countries depended on transit routes through the country. Its policies on infrastructure were vital for the neighbouring countries, but also for others outside the region. In this connection, the Islamic Republic of Iran had embarked on a large capital investment programme in rail and road transit systems, as well as efforts to promote an appropriate commercial environment. Despite this, there were still unresolved legal and social issues relating to transit arrangements. These needed to be addressed, and his country was prepared to cooperate with UNCTAD to seek solutions to them.

8. The representative of **Mexico** described the experience of his country in the field of trade efficiency and enterprise promotion. After the devaluation of the country's currency in 1994, which had led to the bankruptcy of 15,000 SMEs and a drop in GNP of 6.3 per cent, the largest drop in 50 years, the Government had introduced the Industrial Policy and Foreign Trade Programme. The Programme's objective was to foster technological change and innovation; to encourage mergers within and across industrial sectors to attain international competitiveness; and to promote employment in SMEs. The results of this Programme had been encouraging, and the GNP had risen by 4.5 per cent in 1996.

9. At present, the Programmes' main activities concentrated on: (i) access to finance on international terms and conditions; (ii) setting up

regional centres to promote competitiveness; (iii) developing suppliers; (iv) disseminating information and promoting innovation and technical change; (v) improving transport, communications and the legal framework.

10. The country's deregulation programme had been another means of improving the efficiency of Mexican companies. This process had led to a substantial simplification of procedures, which were readily available on the Internet to interested users. This would lead to the establishment of a Register of company procedures by the end of 1997. Foreign trade was being promoted within the framework of the second plan of the National Export Bank (BANCOMEXT), which this year was expected to provide financial services to more than 5,000 SMEs.

11. His country supported the proposal of the UNCTAD secretariat to carry out two expert meetings on transit and telecommunications. However, the meeting on transit should also consider technical and trade infrastructure aspects relevant to the distribution of goods and services.

12. The representative of **Senegal** said that the efficient utilization of trade and information technology were key factors of economic development. In this context, the Government of Senegal had established a Trade Point which provided a means of creating a partnership between the state and the private sector. The trade point had the status of a public utility association, and its founding board consisted of the professional groups which had participated in its creation. This form of organization permitted collaboration between the State and the private sector in service activities, and it allowed the Trade Point to manage its activities like an enterprise whilst enjoying the prerogatives of a public enterprise. The objectives of the Trade Point were to serve as a facilitation centre for international trade, a source of trade information and a centre for help and advice. The latter function would permit the Trade Point to develop its activities in support of micro, small and medium-size enterprises. Finally, the Trade Point was also expected to contribute to regional and international cooperation. Senegal was thus committed to cooperating closely with UNCTAD in carrying out its Trade Point programme.

13. The representative of **China** said that access to and the use of information technologies were crucial for Chinese enterprises, and the trade efficiency programme provided a framework for mastering such technology. Trade efficiency reduced transaction costs, and in areas such as customs, transport, banking and insurance, it could offer invaluable support to trade. China had supported UNISTE in Columbus and continued to support the Trade

Point programme, In this connection, two Trade Points had been established in the country, one in Shanghai and the other in Beijing. Both were linked to the ETO system and had developed a range of activities related to the use of Internet technologies, customs, product inspection, etc. Many enterprises were making use of the services provided. The Trade Point in Beijing had established an Internet page called "Peking Business", while the one in Shanghai had introduced its own information management system and had set up its own database, which could become a model for the international Trade Point network. He expressed the hope that UNCTAD would continue providing assistance and guidance in the future development of Trade Points.

14. The representative of **Nepal** said that an ASYCUDA project had been launched in his country. The second phase of the project was part of a multimodal and trade facilitation programme financed by the World Bank. The project was expected to increase government revenue, and it would have a very important role to play in the economy of the country.

15. The representative of the **International Federation of Freight Forwarders' Associations** (FIATA) expressed the interest and commitment of the freight forwarding industry, nationally and internationally, in respect of supporting UNCTAD in the promotion and further development of trade-supporting services in the field of transportation and the import and export of manufactured and semi-manufactured goods. Communications systems, such as ACIS and ASYCUDA, were important tools in facilitating trade. The globalization of trade would mean ever-increasing demand for efficient and cost-effective transport systems and freight services. This was of particular importance in developing countries where the lack of a suitable transport infrastructure could result in an unbearable add-on to the basic price of goods. In their work on trade facilitation, UNCTAD and FIATA complemented each other with regard to the removal of barriers, fiscal or otherwise. UNCTAD's recent publication on multimodal transport illustrated again the need for closer cooperation in the setting of standards in international transportation.